

## Message Text

CONFIDENTIAL

PAGE 01 STATE 170013

51

ORIGIN EUR-25

INFO OCT-01 ADP-00 L-03 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

INT-08 H-03 PRS-01 /149 R

DRAFTED BY EUR/EE EHURWITZ:DK

X 23191 8/27/73

APPROVED BY EUR JAARMITAGE

EUR/EE - JABAKER

L - FAKWIATEK

EUR/EE - EESEGALL

----- 064474

P 271649Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY PRAGUE PRIORITY

C O N F I D E N T I A L STATE 170013

E.O. 11652:N/A

TAGS: PFOR, CZ

SUBJECT: CZECHOSLOVAK AMBASSADOR DISCUSSES CLAIMS  
NEGOTIATIONS

1. IN AUGUST 24 CALL ON DEPUTY ASSISTANT SECRETARY  
ARMITAGE, CZECHOSLOVAK AMBASSADOR SPACIL DISCUSSED  
PREPARATIONS FOR OPENING OF CLAIMS NEGOTIATIONS IN  
PRAGUE ON SEPTEMBER 10.

2. SPACIL URGED THAT BOTH SIDES TAKE A "POLITICAL APPROACH"  
TO NEGOTIATIONS, STATING THAT SUCH AN APPROACH HAD BEEN  
AGREED UPON DURING SECRETARY'S VISIT TO CZECHOSLOVAKIA.  
AS CZECHOSLOVAKS VIEWED IT, THIS MEANT NEGOTIATIONS SHOULD  
NOT BECOME MIRED DOWN IN DETAIL. IT ALSO MEANT THAT BEFORE  
FORMAL NEGOTIATIONS OPENED, EACH SIDE SHOULD HAVE GENERAL  
IDEA OF WHAT OTHER WAS SEEKING. SPACIL NOTED THAT THERE HAD  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 170013

BEEN INFORMAL TALKS ALONG THESE LINES BETWEEN AMBASSADOR

SHERER AND MFA OFFICIALS IN PRAGUE. IN PARTICULAR, HE SAID THE CZECHOSLOVAK SIDE HAD ASKED WHETHER THE 40 PERCENT SETTLEMENT ACHIEVED BETWEEN THE US AND OTHER EASTERN EUROPEAN COUNTRIES WOULD BE THE GOAL IN THE NEGOTIATIONS WITH THE CZECHOSLOVAKS. SPACIL SAID HE HIMSELF HAD PUT THIS QUESTION TO THE SECRETARY DURING THE LATTER'S VISIT TO PRAGUE. THE SECRETARY, HE SAID, DID NOT DENY THAT THIS MIGHT BE THE CASE.

3. SAYING THAT HE WAS NOT SPEAKING NOW WITH AUTHORIZATION, HE NEVERTHELESS THOUGHT IT WOULD BE HELPFUL IF WE COULD BEGIN NEGOTIATIONS ON THE 40 PERCENT PREMISE. THERE WOULD OF COURSE BE FURTHER "BARGAINING" OVER SUCH SUBJECTS AS THE VALUE OF THE STEEL MILL. BUT IT WOULD BE MUCH EASIER TO REACH AGREEMENT IF BASIS WERE DETERMINED AND UNDERSTOOD BEFOREHAND. SPACIL SAID HIS AIM WAS THUS TO FIND OUT IF US INTENDED TO BEGIN NEGOTIATING FROM THE 1964 POSITION, FROM A 40 PERCENT BASIS, OR FROM SOME OTHER POSITION. SINCE IT WAS CZECHOSLOVAK DESIRE TO SETTLE THIS ISSUE FROM A POLITICAL STANDPOINT, IT WOULD BE HELPFUL IF PRAGUE KNEW MORE AT THIS TIME ABOUT US NEGOTIATING POSITION.

4. ARMITAGE AGREED THAT IT MIGHT BE HELPFUL FOR EACH SIDE TO HAVE A GOOD IDEA OF WHERE THE OTHER STOOD BY MEANS OF INFORMAL DISCUSSIONS. WE HAD NO INTENTION OF TAKING A "BLITZKRIEG APPROACH" OR OF PULLING SOMETHING OUT OF A HAT. NEVERTHELESS, ALL THAT HE COULD SAY AT THE PRESENT TIME WAS THAT WE WERE SERIOUSLY INTERESTED IN REACHING A SETTLEMENT. WE VIEWED THE NEGOTIATIONS IN TERMS OF OUR TOTAL BILATERAL RELATIONSHIP, AND WE DID NOT WANT TO BE LOCKED INTO FRUITLESS TALKING WHICH WOULD OBSTRUCT PROGRESS IN THAT RELATIONSHIP. CONCERNING 40 PERCENT QUESTION, THIS WAS SOMETHING THAT MIGHT COME UP FOR DISCUSSION, BUT HE WOULD NOT WISH TO GO FURTHER THAN TO SAY WE HAD IN MIND A SETTLEMENT THAT WOULD BEAR COMPARISON WITH THOSE WITH OTHER EE COUNTRIES. NOTING THAT HE DID NOT WANT TO MISINFORM SPACIL REGARDING ANY SPECIFIC FIGURES, ARMITAGE REITERATED THAT ALL HE COULD SAY WAS THAT WE WERE MINDFUL OF THE POLITICAL DESIRABILITY

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 170013

FOR BOTH COUNTRIES REACHING AN AGREEMENT AND GETTING THE CLAIMS QUESTION OUT OF THE WAY.

5. AMBASSADOR SPACIL ASKED WHETHER THE US HAD CONSIDERED THE QUESTION OF CZECHOSLOVAK PURCHASES IN THE UNITED STATES AS A "SWEETENER" IN THE NEGOTIATING POT. HE NOTED THAT IN INFORMAL DISCUSSIONS WITH AMBASSADOR SHERERER IN PRAGUE THE CZECHOSLOVAK SIDE HAD INDICATED THAT IT

MIGHT AGREE TO MAKE LARGE-SCALE PURCHASES IN THE US IF IT WOULD HELP TO ACHIEVE US AGREEMENT TO A CLAIMS SETTLEMENT FIGURE. ARMITAGE REPLIED THAT WE DID NOT WANT TO ADD COMPLICATING FACTORS TO THE NEGOTIATIONS. WE WERE AWARE THAT A CLAIMS SETTLEMENT WOULD FURTHER OUR BILATERAL RELATIONS AND THAT TRADE TIES WOULD GROW AS OBSTACLES WERE REMOVED. THE CLAIMS NEGOTIATIONS THEMSELVES, HOWEVER, WOULD HAVE TO BE CONDUCTED ON THE MERITS OF THE ISSUES INVOLVED.

6. ARMITAGE ASKED WHO WOULD HEAD THE CZECHOSLOVAK NEGOTIATING TEAM. SPACIL REPLIED THAT IT WOULD PROBABLY BE NORTH AMERICAN DEPARTMENT CHIEF ZANTOVSKY. ARMITAGE NOTED THAT OUR CHARGE IN PRAGUE ARTHUR WORTZEL WOULD BE ON THE US DELEGATION WITH AN OFFICIAL FROM LEGAL DIVISION.

7. DEPARTMENT'S COMMENTS ON NEGOTIATING PROCEDURES BEING SENT SEPTEL. RUSH

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, DEBTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973STATE170013  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** DK  
**Enclosure:** n/a  
**Executive Order:** GS ARMITAGE  
**Errors:** N/A  
**Film Number:** n/a  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730813/aaaaajdh.tel  
**Line Count:** 133  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07-Sep-2001 by rowellE0>; APPROVED <14-Sep-2001 by cunninfx>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CZECHOSLOVAK AMBASSADOR DISCUSSES CLAIMS NEGOTIATIONS  
**TAGS:** PFOR, CZ, (ARMITAGE, JOHN A), (SPACIL, ALBERT W)  
**To:** PRAGUE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005